

Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-11 INR-11 LAB-06

NSAE-00 RSC-01 SIL-01 AGR-20 AID-20 IO-14 TRSE-00

SWF-02 DODE-00 PA-04 USIA-15 PRS-01 SP-03 L-03 H-03

DRC-01 STR-08 CIEP-03 FRB-03 /151 W

----- 096332

R 282009Z AUG 74

FM AMEMBASSY TEGUCIGALPA

TO SECSTATE WASHDC 7914

INFO AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AMEMBASSY SAN JOSE

AMEMBASSY SAN SALVADOR

USCINCSO

C O N F I D E N T I A L SECTION 1 OF 2 TEGUCIGALPA 3641

USCINCSO FOR POLAD

E.O. 11652: GDS

TAGS: ELAB, ETRD, PINT, HO

SUBJECT: CONVERSATION WITH LABMIN GAUTAMA FONSECA

ON UNITED FRUIT STRIKE AND AGRARIAN REFORM

REF: (A) TEGUCIGALPA 2799; (B) TEGUCIGALPA 3620;

(C) FONSECA MEMCON OF JUNE 28, 1974

SUMMARY: LABMIN FONSECA INFORMED POLOFFS YESTERDAY THAT HE WAS UNSUCCESSFUL IN RESOLVING LABOR DISPUTE AT UNITED FRUIT'S TELA SHIPPING CARTON FACTORY AND THAT HE WILL PRESENT DOCUMENT TO CHIEF OF STATE LOPEZ FOR SIGNATURE TODAY DECLARING THAT STRIKE AND EARLIER STRIKE AT U.S. OWNED BEMIS-HANDAL TEXTILE FACTORY ILLEGAL. UNITED FRUIT'S INVENTORY OF BOXES WILL BE EXHAUSTED AROUND SEPTEMBER 21 AND SHIPMENTS WILL BE SUSPENDED IF STRIKE STILL UNRESOLVED. FONSECA HAS PRESENTED NEW DRAFT OF AGRARIAN REFORM LAW TO
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CHIEF OF STATE LOPEZ AND COUNCIL OF MINISTERS. DISCUSSIONS

BY THE MINISTERS ARE TO CONTINUE THIS WEEK AND FONSECA EXPECTS APPROVAL OF FINAL DECREE BY WEEK'S END WITH PUBLIC ANNOUNCEMENT MADE PRIOR TO SEPTEMBER 15. END SUMMARY.

1. IN CONVERSATION WITH POLOFFS YESTERDAY LABMIN FONSECA DESCRIBED HIS UNSUCCESSFUL EFFORTS TO RESOLVE 18 DAY OLD DISPUTE BETWEEN UNITED FRUIT AND WORKERS OF THE COMPANY SHIPPING CARTON FACTORY IN TELA (SEE REFTEL B). THE STRIKE BEGAN BECAUSE OF AN ALLEGEDLY ARBITRARY ACTION OF A COMPANY SUPERVISOR AND CONTINUES WITH APPROXIMATELY 180 WORKERS OUT. ACCORDING TO FONSECA, UNITED HAS ALREADY GIVEN ADVANCE NOTICE TO 4,000 (APPROXIMATELY 40 PERCENT OF WORK FORCE) WORKERS THAT THEY WILL BE SUSPENDED SEPTEMBER 21 WHEN CURRENT INVENTORY OF CARTONS IS EXHAUSTED.

2. SITUATION IS COMPLICATED BECAUSE UNION (SITRATERCO) LEADERSHIP IS CURRENTLY INVOLVED IN ANNUAL CONGRESS AND CANNOT DEVOTE FULL ATTENTION TO DISPUTE'S RESOLUTION. IN LIGHT OF FAILURE OF HIS DIRECT INTERVENTION FONSECA PLANS TODAY TO RESPOND POSITIVELY TO COMPANY REQUEST TO DECLARE STRIKE ILLEGAL AND TO CARRY DOCUMENTS TO CHIEF OF STATE LOPEZ FOR SIGNATURE (BEMIS-HANDAL TEXTILES STRIKE, DESCRIBED REFTEL (A) WILL ALSO BE DECLARED ILLEGAL.) FONSECA CLAIMS THAT HE CLEARED THIS ACTION THROUGH SITRATERCO SEC GEN ABDULIO CACERES WHO FEARS THAT CONTINUED STRIKE IN THE BOX FACTORY COULD LEAD TO UNION-WIDE WILDCAT STRIKE WHICH UNION LEADERSHIP COULD NOT CONTROL. FONSECA LAMENTED THE INCREASINGLY WEAK CONTROL OVER THE UNION RANK AND FILE EXERCISED BY THE III SITRATERCO PRESIDENT OSCAR GALE AND ADDED THAT CACERES IS EVEN LESS CAPABLE OF PROVIDING THE NECESSARY LEADERSHIP. FONSECA (AND APPARENTLY CACERES) FEARS THAT DISSIDENT ELEMENTS WITHIN THE UNION (PRIMARILY COMMUNISTS) WILL USE THE BOX FACTORY STRIKE TO CHALLENGE CURRENT UNION LEADERSHIP. FONSECA FEELS THAT A DECLARATION OF THE STRIKE'S ILLEGALITY IS THE ONLY PROPER COURSE UNDER THE CIRCUMSTANCES AND HOPES THAT UNITED BRANDS' MANAGEMENT ACTS RESPONSIBLY FOLLOWING THE GOH DECLARATION. ONCE A STRIKE IS DECLARED ILLEGAL THE EMPLOYER MAY LEGALLY DISCHARGE ALL STRIKERS. FONSECA FEARS THAT SUCH AN ACTION BY UNITED WOULD RESULT IN MASSIVE SYMPATHY STRIKES ON THE CONFIDENTIAL

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PART OF FESITRANH UNIONS ON THE NORTH COAST.

3. FONSECA GAVE THE IMPRESSION THAT HE THOUGHT THE BANANA TAX QUESTION FINALLY SETTLED. HE EXPRESSED GRATITUDE THAT THE CURRENT STRIKE CAME AFTER THE AGREEMENT ON THE TAX WITH THE BANANA COMPANIES HAD BEEN REACHED.

4. TURNING TO GENERAL POLITICAL SUBJECTS FONSECA SAID

THAT HE HAD TAKEN IT UPON HIMSELF TO PREPARE A NEW DRAFT OF THE AGRARIAN REFORM LAW WHICH HE HAD PRESENTED IN TURN TO THE CHIEF OF STATE AND THE COUNCIL OF MINISTERS (SEE REF C). THE MINISTERS BEGAN DISCUSSION OF THE DRAFT THIS WEEK AND FONSECA EXPECTS FINAL AGREEMENT ON A DECREE BY WEEK'S END. HE EXPECTS AN EARLY PROMULGATION OF THE DECREE AND WOULD LIKE TO ARRANGE A MASSIVE COMPELINO DEMONSTRATION IN SUPPORT OF THE LAW SIMILAR TO THE ANACH JANUARY 13 DEMONSTRATION IN SAN PEDRO SULA. SUCH A DEMONSTRATION, POSSIBLY ON HONDURAS' NATIONAL DAY, SEPTEMBER 15, WOULD RETURN THE INITIATIVE ON THE AGRARIAN REFORM QUESTION TO THE GOVERNMENT AND PUT "REACTIONARY" ELEMENTS ON THE DEFENSIVE. THE MINISTER DECLINED TO DISCUSS MANY SPECIFICS BUT SAID THAT THE LAW WILL FULFILL THE PROMISES MADE BY GENERAL LOPEZ ON JANUARY 1. HE ADDED THAT THE DISCUSSION OF THE LAW WAS A CLOSELY GUARDED SECRET AND NO ONE OUTSIDE THE CABINET KNEW THE SUBJECT OF THE CURRENT EXTENDED MEETINGS.

5. FOLLOWING THE COMPLETION OF THE AGRARIAN REFORM LAW, FONSECA EXPECTS TO COMPLETE THE LABOR CODE REFORM BY SEPTEMBER 30 AND WILL THEN TURN HIS ATTENTION TO WORKING OUT A COMPLETE REFORM OF THE GOH ADMINISTRATIVE APPARATUS IN COOPERATION WITH THE PLANNING MINISTRY.

6. COMMENT: THE DECLARATION OF THE ILLEGALITY OF THE UNITED FRUIT STRIKE OFFERS BOTH RISKS AND BENEFITS FOR THE GOH. FONSECA EXPRESSED ANNOYANCE AT THE INCREASING

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STR-08 DRC-01 CIEP-03 FRB-03 /151 W

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R 282009Z AUG 74

FM AMEMBASSY TEGUCIGALPA

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INFO AMEMBASSY GUATEMALA
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NUMBER OF ILLEGAL WALKOUTS AND HOPES THAT THEY WILL
DIMINISH FOLLOWING THIS ACTION. ALSO, THE PRIVATE SECTOR,
A LONG TIME FOE OF FONSECA, WILL FIND IT DIFFICULT TO
CRITICIZE THIS ACTION. PRIOR CLEARANCE THROUGH SITRATERCO
SHOULD MEAN THAT THE MOVE WILL NOT DAMAGE THE CURRENTLY
CORDIAL RELATIONSHIP BETWEEN LABOR AND THE GOH. HOWEVER,
QUICK ACTION ON UNITED'S REQUEST TO DECLARE THE STRIKE
ILLEGAL IS AWKWARD SINCE THE GOH RECEIVED STRONG CRITICISM
FOR RESPONDING TO FRUIT COMPANY PRESSURE BEFORE AND DURING
THE BANANA TAX NEGOTIATIONS. THESE DECLARATIONS
OF STRIKE ILLEGALITY WILL BE THE FIRST SINCE THE LOPEZ COUP
OF DECEMBER 4, 1972. ALTHOUGH THERE HAVE BEEN MANY REQUESTS.
SINCE BOTH STRIKES INVOLVE AMERICAN OWNED OR AFFILIATED
COMPANIES THE GOH SETS ITSELF UP FOR MORE CRITICISM ABOUT
ITS ACTIONS TOWARDS U.S. CAPITAL.

7. THE SECRECY WITH WHICH THE CABINET IS TREATING THE
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DISCUSSION OF FONSECA'S AGRARIAN REFORM LAW SHOWS THAT THEY
DO NOT WISH A PREMATURE LEAK TO DESTROY THIS DRAFT AS AN
EARLIER DRAFT WAS DESTROYED BY PUBLIC DISCLOSURE AND
CRITICISM. FONSECA'S DISCUSSION INDICATED THAT THE
MINISTERS WERE NOT UNANIMOUS IN THEIR VIEWS OF THIS DRAFT
SO IT IS NOT CERTAIN HOW LONG THIS ONE CAN BE KEPT FROM
PUBLIC KNOWLEDGE. CONSIDERING HOW LONG THE GOH HAS DELAYED
ON AGRARIAN REFORM IT IS DIFFICULT TO SEE HOW FONSECA
EXPECTS THAT THIS DRAFT, PREPARED ON HIS OWN INITIATIVE,
CAN BE IMPLEMENTED SO QUICKLY. IF THE GENERAL TREND OF
THE MINISTER'S COMMENTS IS CORRECT, HIS POSITION IN THE
CABINET IS NOT ONLY SECURE BUT HE IS ALSO ONE OF THE
MOST IMPORTANT SHAPERS OF DOMESTIC POLICY IN THE
GOH.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TEXTILES, LAW, AGREEMENT DRAFT, GOVERNMENT REFORM, LABOR STRIKES, NEGOTIATIONS, BUSINESS FIRMS, STRIKE SETTLEMENT
Control Number: n/a
Copy: SINGLE
Draft Date: 28 AUG 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: martinml
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974TEGUCI03641
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740239-0871
From: TEGUCIGALPA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740810/aaaaahzb.tel
Line Count: 218
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: (A) TEGUCIGALPA 2799; (B) TEGUCIGALP, A 3620;
Review Action: RELEASED, APPROVED
Review Authority: martinml
Review Comment: n/a
Review Content Flags:
Review Date: 11 SEP 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <11 SEP 2002 by boyleja>; APPROVED <26 FEB 2003 by martinml>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CONVERSATION WITH LABMIN GAUTAMA FONSECA ON UNITED FRUIT STRIKE AND AGRARIAN REFORM
TAGS: ELAB, ETRD, PINT, HO, BEMIS-HANDAL, UNITED FRUIT, (RABASA), (LOPEZ)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005